

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6538

BILL NUMBER: SB 484

NOTE PREPARED: Dec 28, 2012

BILL AMENDED:

SUBJECT: School Buildings.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Charter School Leases:* This bill provides that the lease between a charter school and a school corporation for a closed, unused, or unoccupied school building must include agreed upon terms and conditions relating to the operating costs associated with the school building. It also provides that a closed, unused, or unoccupied school building may not be leased to a charter school in an amount that is less than the greater of: (1) \$1; or (2) the amount that the school corporation must annually pay for debt or other obligations that the school corporation incurred for the school building before entering into the lease or for liens that attached to the school building before the school corporation entered into the lease.

Sale of Unused Buildings: The bill provides that a school corporation may send notice to the Department of Education indicating that a closed, unused, or unoccupied school building may be sold or disposed of based on certain reasons. It provides that a charter school sponsor may request a hearing to show just cause as to why the closed, unused, or unoccupied building should not be sold or disposed of by the school corporation. The bill also provides that the Department shall hold an administrative hearing to determine whether the charter school sponsor has shown just cause as to why a school corporation should not sell or dispose of the school building.

Turnaround Academies: The bill provides that a special management team is responsible for the maintenance of the buildings and grounds of a turnaround academy. It provides that the contract into which the State Board of Education enters with a special management team after June 30, 2013, must include a date on which the operation of the school will be returned to the school corporation.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Sale of Unused Buildings:* The bill could increase the Department's administrative hearing costs depending on the number of hearings requested by charter schools. Any additional administrative hearings would be held with existing resources.

Background: The current unused school building report shows 14 school corporations listing 37 unused school buildings. Currently, a school corporation is required to lease a school building on the State Unused School Building List for \$1 per year. The charter school is responsible for the maintenance of the building.

Explanation of State Revenues:

Explanation of Local Expenditures: *Charter School Leases:* The bill could reduce the operational cost of local schools leasing buildings to charter schools. The amount of the reduction would depend on the lease. The bill could also reduce the school corporation lease payments for school buildings leased to charter schools. It is unknown how many school buildings are leased to charter schools.

Turnaround Academies: The bill would move the maintenance and repair of the turnaround academy from the school corporation to the special management team. The bill would decrease local school expenses and increase turnaround academies' maintenance and repair costs. The average cost of maintenance and repair of school buildings was about \$481,000 per building in FY 2012.

Explanation of Local Revenues: *Charter School Leases:* The bill could increase the lease payment a school corporation receives from a charter school. Currently, the lease payment is \$1 per year. The bill would increase the lease payment to no less than the greater of \$1 or the amount that the school corporation must annually pay for debt or other obligations that the school corporation incurred for the school building. The amount of additional revenue a school corporation might receive in the future is unknown.

Sale of Unused Buildings: The bill could increase the revenue for local schools depending on the number of buildings school corporations are able to sell under the bill and depending on the selling price of those buildings.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local school corporations; Charter schools.

Information Sources: Department of Education Charter School Website,
<http://www.doe.in.gov/student-services/charter-schools>

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